

Dear Senators McKenzie, Jorgenson & Stennett, and  
Representatives LOERTSCHER, Anderson & Mary Lou Shepherd:

The Legislative Services Office, Research and Legislation, has received the enclosed  
rules of the Idaho State Lottery:

IDAPA 52.01.02 - Gaming Rules of the Idaho State Lottery Commission

(Docket #52-0102-0801);

52.01.03 - Rules Governing Operations of the Idaho State Lottery

(Docket #52-0103-0801).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative Services. The final date to call a meeting on the enclosed rules is no later than 9-9-08. If a meeting is called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis from Legislative Services. The final date to hold a meeting on the enclosed rules is 10-7-08.

\_\_\_\_\_The germane joint subcommittee may request a statement of economic impact with respect to a proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement, and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has been held.

To notify Research and Legislation, call 334-2475, or send a written request to the address or FAX number indicated on the memorandum enclosed.

## MEMORANDUM

TO: Germane Subcommittees for Administrative Rules Review of the Senate and House State Affairs Committees

FROM: Research and Legislation Staff, Nugent

DATE: August 21, 2008

SUBJECT: Two Sets of State Lottery Commission Rules

Enclosed are two sets of State Lottery Commission rules dealing with bingo and raffles and with the general administration of the state lottery.

### Bingo and Raffle Rules - IDAPA 52.01.02 (Docket #52-0102-0801)

These rules implement the provisions of Senate Bill No. 1282 and 1322 of 2008. SB1282 revised the authority of the State Lottery's security director to require fingerprint-based criminal history checks using the Idaho central database and the Federal Bureau of Investigation's criminal history database on prospective employees, vendors, contractors, lottery retailers and bingo and raffle operators.

Senate Bill No. 1322 required charitable bingo and raffle operations to provide documentation of their charitable activities; required minimum recordkeeping and other financial guidelines; deleted the authority for unincorporated associations to conduct charitable bingo and raffle operations; and clarified the procedure for denying certain applications.

It appears that the proposed rules implement Senate Bill No. 1282 and Senate Bill No. 1322.

### Lottery Rules - IDAPA 52.01.03 - (Docket #52-0103-0801)

These proposed rules are a cleanup of existing rules and do four things.

1. Lottery tickets may be sold for cash, check, money order, credit card, electronic funds transfer or debit card.
2. Eliminate reference to requirements that on-line game drawing be videotaped;
3. Provide an independent certified public accountant witness on-line game drawings;

4. Eliminate requirements that equipment used in these drawings be inspected by a certified public account.

It appears that both of set of rules have been promulgated within the scope of statutory authority granted to the State Lottery Commission.

cc: State Lottery Commission  
Jeff Anderson, Director  
Amber French, Security Director

## IDAPA 52 - IDAHO STATE LOTTERY

### 52.01.02 - GAMING RULES OF THE IDAHO STATE LOTTERY COMMISSION

#### DOCKET NO. 52-0102-0801

#### NOTICE OF RULEMAKING - PROPOSED RULE

**AUTHORITY:** In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section 67-7714, Idaho Code.

**PUBLIC HEARING SCHEDULE:** Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than September 17, 2008.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

**DESCRIPTIVE SUMMARY:** The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The proposed rule changes are necessary housekeeping measures to correctly reflect statutory amendments to Sections 67-7702 and 67-7709, Idaho Code, effective July 1, 2008. Consistent with statutory directives, the proposed rule changes are also necessary to clarify and set forth charitable gaming reporting requirements to ensure accountability of charitable organizations and nonprofit organization bingo and raffle operations. Consistent with 2008 statutory amendments, the rule changes clarify language to assure that the organizations that participate in charitable gaming are legitimate charitable or nonprofit organizations and that the profits from these games are used for charitable purposes. The rule changes also limit the ability of a "for profit" business to use a legitimate charity for personal gain and require bingo vendors to supply detailed information on invoices to improve tracking and accountability.

**FEE SUMMARY:** The following is a specific description of the fee or charge imposed or increased: N/A

**FISCAL IMPACT:** The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: None.

**NEGOTIATED RULEMAKING:** Pursuant to Section 67-5220, Idaho Code, informal negotiated rulemaking was conducted by presenting the rulemaking as an agenda item for discussion at a public meeting of the Bingo Advisory Board on July 1, 2008.

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Amber French, Security Director, (208) 334-2277.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before September 24, 2008.

DATED this 17th day of July, 2008.

Jeff Anderson, Director  
Idaho State Lottery  
1199 Shoreline Ln., Ste. 100  
Boise, ID 83702  
Phone: (208) 334-2600  
Fax: (208) 334-2610

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THE FOLLOWING IS THE TEXT OF DOCKET NO. 52-0102-0801

**004. ADMINISTRATIVE ARM OF IDAHO STATE LOTTERY (RULE 4).**

The Lottery Security Division is the administrative arm of the Lottery that will be responsible for licensing, controlling and regulating bingo games and raffles ~~under the jurisdiction of the Lottery is the Lottery Security Division of the Lottery~~ and assuring that profits realized by charitable groups and institutions through the conduct of charitable gaming are used for charitable purposes. The Lottery Security Division shall provide all application forms, reporting forms and other documents necessary for submission to the Lottery. See Section 67-7714, Idaho Code.

(7-1-97)(\_\_\_\_)

**(BREAK IN CONTINUITY OF SECTIONS)**

**010. DEFINITIONS (RULE 10).**

As used in these rules, each word defined in this Section has the meaning given here unless a different meaning is clearly required from context: (4-2-08)

**01. Audit.** The review of documents or other records pertaining to operation of bingo or raffles, including, but not limited to, ledgers, bank statements, checks and deposit records, nightly logs, receipts, register tapes, computer records, contracts and leases, records showing use of ~~gross~~ all revenues for charitable activities, and tax records, by representatives of the Lottery, the attorney general, other law enforcement agencies, or independent auditors. (4-2-08)(\_\_\_\_)

**02. Autodaubing Features or Autodaubing.** Electronic bingo card daubers, including software or equipment interfaced with electronic bingo cards that automatically daub the numbers as called without requiring the player to manually input the number called. (4-2-08)

**03. Bingo.** The traditional game of chance using a card with five (5) rows and five (5) columns containing numbers from a range of one (1) to seventy-five (75) and played for a prize determined before the game begins, as elaborated in Subsection 010.03 of these rules, and other games authorized by Title 67, Chapter 77, Idaho Code, and by these rules, for example, "U-Pick Em." See Section 67-7702(1), Idaho Code: (4-2-08)

**a. Bingo Cards, Regular.** Regular bingo cards (reusable or disposable) contain five (5) rows and five (5) columns of squares arranged in a five-by-five (5x5) grid; each square is imprinted with randomly placed numbers from a range of one (1) through seventy-five (75), except for the center square, which may be a free space. The letters "B-I-N-G-O" must also be imprinted on the card in order with one (1) letter above each of the five (5) columns (the letter "B" above the first column and so on). (4-2-08)

**b. Bingo Cards, Electronic, or Face.** An electronic facsimile of a regular bingo card. See Section 67-7702(6), Idaho Code. (4-2-08)

**c. Play Method.** Players who have paid consideration for the cards that they are holding compete for a prize by covering numbers on their cards when designators with the same number are randomly drawn and called. The balls or other designators in the selection device are numbered in the same manner as the possible numbers on the bingo cards, from one (1) through seventy-five (75). The winner is the first player to cover a predetermined arrangement of numbers on the players' cards, for example, any row, column or diagonal of the five (5) rows and (5) columns and two (2) diagonals of the bingo card. Upon approval of the Bingo-Raffle Advisory Board there may be other forms of bingo games allowed, such as, but not limited to, Blackouts, Bonanza, and "U-Pick Em" games. The game begins when the first number is called and ends when a player has covered the previously designated arrangement and declares a bingo. Each winning card must be independently verified by a floor worker and another player by calling back the winning combination of numbers in the predetermined arrangement or by entering the serial number printed on the bingo card into an electronic verification system that can verify whether a card is a winner. (4-2-08)

**d. Exclusions from Bingo.** Bingo does not include "instant bingo," which is a game of chance played by the selection of one (1) or more prepackaged cards, with the winner determined by the appearance of a preprinted

winning designation on the card. (4-2-08)

**04. Bingo-Raffle Advisory Board or Board.** The board established and appointed according to Sections 67-7702(2), 67-7703, and 67-7704, Idaho Code. (4-2-08)

**05. Blackout.** A game of bingo where all numbers are covered on a bingo card. This game is also referred to as “coverall.” (4-2-08)

**06. Bonanza.** A game of bingo that is played on a prefolded card or on another kind of card on which the numbers are not revealed until the card is purchased and in which a designated number of balls are emitted from the machine in the usual manner and displayed. If there is no “Bingo” called on these numbers, the game may continue with one (1) additional ball emitted at a time until there is a winner. (4-2-08)

**07. Charitable Contribution Acknowledgement Report Form or CCARF.** A form, prepared by the Director, upon which the recipient of a donation for a charitable purpose must indicate the charitable purpose for which the donation will be used; the name, address, and phone number of the person receiving the donation; and acknowledgement that the recipient will provide any and all information necessary in order for the Director or his representatives to verify that the donation was used for a charitable purpose, as well as any other information needed by the Director to assure that the donation is used for a charitable purpose. See Section 67-7709(2), Idaho Code. (4-2-08)

**08. Charitable Donation Reporting Form.** A form prepared by the Director, upon which each licensed organization shall record all charitable donations made from the proceeds of charitable bingo or raffles held during the license year on which they are reporting. This report shall require the names, addresses, contact person’s name, contact person’s telephone number, dollar amount and purpose of the donation. This report will be submitted to the Lottery along with the Annual Bingo Report or Annual Raffle Report and will be subject to audit as defined in Subsection 010.01. ( )

**089. Charitable Organization.** ~~Any organization defined as a “charitable organization” by See definition in Section 67-7702(3), Idaho Code.~~ (4-2-08)( )

**0910. Charitable Purpose.** A purpose of supporting a bona fide charitable organization, as defined by Section 67-7702(3), Idaho Code. (4-2-08)

**101. Commission.** The Idaho State Lottery Commission established and appointed according to Sections 67-7402, 67-7404(2) and 67-7405, Idaho Code. See Section 67-7702(4), Idaho Code. (4-2-08)

**112. Concessions.** Food and beverages or other incidental items (for example, caps or tee-shirts) unrelated to gaming that are sold to players at bingo games. (4-2-08)

**123. Director.** The Director of the Idaho State Lottery appointed and confirmed according to Section 67-7407, Idaho Code. (4-2-08)

**134. Disposable Paper Bingo Card.** A non-reusable, paper bingo card. (4-2-08)

**145. Distributor.** Any person who purchases or otherwise obtains or supplies equipment for use in conducting gaming activities, including, but not limited to, bingo or raffles, from any person or entity, and sells or otherwise furnishes such equipment or supplies to any person or entity who engages in gaming activity. (4-2-08)

**156. Duck Race.** A charitable raffle as defined in Section 67-7702(5), Idaho Code. (4-2-08)

**167. Electronic Bingo Device.** An electronic device used to monitor bingo games as defined by Section 67-7702(7), Idaho Code. Electronic bingo devices may be used to monitor bingo cards (“mind cards”) only if they meet the requirements of Section 67-7702(7)(a), Idaho Code. No devices described in Section 67-7702(7)(b), Idaho Code, can be lawfully used in a bingo operation. (4-2-08)

**178. Electronic Gaming Devices.** Gaming or gambling devices electronically operated by inserting a

coin or token and then pulling a handle or pushing a button to activate the game. Electronic gaming devices can generate points or payout slips for accumulated wins. (4-2-08)

**189. Gaming.** Gambling as defined in Section 18-3801, Idaho Code, including gaming authorized by Title 67, Chapters 74 and 77, Idaho Code. (4-2-08)

~~**190. Gross Revenues from Bingo or Raffles.** All revenues collected for playing bingo or a raffle, excluding concessions. See definition in Section 67-7702(8), Idaho Code. (4-2-08)(\_\_\_\_)~~

**a.** For Bingo. All moneys paid by players during a bingo game or session of play bingo, including fees for use of electronic bingo cards or electronic bingo devices, but excluding money paid for concessions. Gross revenues are calculated before any deductions for prizes or other expenses. (4-2-08)

**b.** For Raffles and Other Gaming Authorized by Title 67, Chapter 77, Idaho Code. All moneys or other value paid to or due to any operator of a raffle or other gaming authorized by Title 67, Chapter 77, Idaho Code, activity for any chance taken or other fees for participation in the raffle or other gaming activity. Gross revenues are calculated before any deductions for prizes or other expenses. (4-2-08)

**201. Hard Bingo Cards.** Reusable bingo cards with sliding windows or shutters to cover the numbers on the cards. Hard cards are legal in sessions with less than ten thousand dollars (\$10,000) of annual gross revenue or for special occasions. (4-2-08)

**212. Holiday Christmas Tree Fundraiser.** A charitable game played by persons bidding on decorated holiday trees, as defined by Section 67-7702(9), Idaho Code. (4-2-08)

~~**223. Host System.** The computer hardware, software and peripheral equipment used to generate or download electronic bingo cards and to monitor sales and other activities of a site system, as defined by See definition in Section 67-7702(10), Idaho Code. (4-2-08)(\_\_\_\_)~~

**234. Instant Bingo.** A Lottery game played by the use of premarked cards which, when opened, scratched or otherwise revealed, determine whether the cardholder is a winner without any competition among players. "Instant Bingo" is not a game of "Bingo" as defined by these rules. (4-2-08)

**245. License.** A permission issued by the Director of the Lottery to operate bingo games or raffles or to manufacture, sell, distribute, furnish or supply gaming machines, equipment or material. (4-2-08)

**256. Licensed Game Operator.** A person who qualifies as a nonprofit or charitable organization who may operate bingo or raffles and who is licensed pursuant to Section 67-7711, Idaho Code. (4-2-08)

**267. Licensed Vendor.** A person who manufactures, sells, distributes, furnishes or supplies gaming machines, equipment or material who is licensed pursuant to Section 67-7715, Idaho Code. (4-2-08)

**278. Lottery.** The Idaho State Lottery created by Section 67-7402, Idaho Code, and, as context requires, the Lottery Commission and the Lottery's officers and employees. (4-2-08)

**289. Manufacturer.** Any person who fabricates or assembles a completed piece of gaming equipment or pieces of gaming equipment, or supplies completed gaming equipment, or pieces of gaming equipment for use in gaming activities, including, but not limited to, bingo and raffles, and who sells or otherwise furnishes the completed gaming equipment or pieces of gaming equipment to any distributor, operator, or retail outlet. (4-2-08)

**2930. Net Proceeds of a Charitable Raffle.** The gross revenues of a charitable raffle less the cost of prizes awarded. Net proceeds of a duck race mean gross revenues less the cost of prizes awarded and the rental cost of the ducks used in the race (if there are rental costs). See Section 67-7710(3), Idaho Code. Net proceeds of a holiday Christmas tree fundraiser mean the gross revenues less the costs of procuring the tree or other prizes. See Section 67-7710(3), Idaho Code. Donated prizes are considered to have no cost and do not reduce the receipts when calculating net proceeds. (4-2-08)

**301. Nonprofit Organization.** ~~An organization incorporated under Title 30, Chapter 3, Idaho Code, or an unincorporated association recognized under Title 53, Chapter 7, Idaho Code.~~ See definition in Section 67-7702(11), Idaho Code. (4-2-08)(\_\_\_\_)

**342. Organization.** A charitable organization or a nonprofit organization ~~as defined in Section 67-7702(12), Idaho Code.~~ (4-2-08)(\_\_\_\_)

**323. Person.** ~~All individuals, organizations, entities and governments or governmental units included with the definition of "person"~~ See definition in Section 67-7702(13), Idaho Code. (4-2-08)(\_\_\_\_)

**334. Raffle.** An event in which prizes are won by random drawings or other selections of a ticket, duck or other means of identifying the one (1) or more persons purchasing chances. See Section 67-7702(14), Idaho Code. Duck races and holiday Christmas tree fundraisers are forms of raffles. See Sections 67-7702(5) and 67-7702(9), Idaho Code. (4-2-08)

**345. Reusable Bingo Cards.** Bingo cards constructed out of a durable material that use sliding windows or shutters or chips to cover the numbers and that can be reused from one (1) game to another. (4-2-08)

**356. Separate Bank Account.** A bank account established for purposes of complying with the accounting requirements of Section 67-7709(1), Idaho Code, regarding accounting for revenues and disbursements for bingo operations. All gross revenues received in connection with licensed bingo games must be placed in the separate bank account. Concessions and other moneys received (if any) from non-gaming revenues should not be deposited in the separate bank account. (4-2-08)

**367. Session.** A period of time not to exceed eight (8) hours in any one (1) day in which players are allowed to participate in bingo games operated by a charitable or nonprofit organization. See Sections 67-7702(15) and 67-7708, Idaho Code. (4-2-08)

**378. Site System.** ~~Computer hardware, software and peripheral equipment used by a licensed bingo operator to provide electronic bingo cards, to monitor bingo cards, to provide receipts, or to generate reports, as defined~~ See definition in Section 67-7702(16), Idaho Code. (4-2-08)(\_\_\_\_)

**389. Special Committee.** Persons (including officers and directors, if so designated) listed on an organization's application for a license who are designated to be responsible for insuring that a bingo game or bingo session conducted by that organization will be run according to the requirements of statute and of these rules. If no persons are designated as a special committee, the members of the governing body of the applicant will be held responsible for the operations of the bingo games and sessions or the operations of the raffle. See Section 67-7711(3), Idaho Code. (4-2-08)

**3940. Special Permit.** A permit that can be obtained by an unlicensed charitable organization that qualifies the organization to operate an exempt bingo operation. This permit allows a qualified organization to operate bingo games at a state or county fair for the duration of the fair. See Section 67-7702(17), Idaho Code. (4-2-08)

**401. Tracking.** The documentation of sales by sequentially numbered bingo paper or numbered tickets in raffles. See Section 67-7709(3), Idaho Code. (4-2-08)

**442. U-Pick Ems.** A game where players select their own numbers on a two (2) part duplicated bingo card. One (1) copy is retained by the player and used as a bingo card. Numbers are called until there is a winner. The winner is determined by the first player to cover the numbers on a "U-Pick-Em" card. (4-2-08)

**423. Vendor.** ~~Any applicant, licensee, manufacturer, distributor, or supplier licensed or unlicensed that furnishes or supplies bingo or raffle equipment, disposable or non disposable cards and any and all related gaming equipment~~ See definition in Section 67-7702, Idaho Code. (3-30-01)(\_\_\_\_)

**(BREAK IN CONTINUITY OF SECTIONS)**

**101. NUMBER OF SESSIONS PER WEEK (RULE 101).**

Licensed operators of bingo games are limited to a maximum of three (3) bingo sessions per any calendar week (Sunday-Saturday). None of these sessions may exceed eight (8) consecutive hours in any one (1) day. See Section 67-7708, Idaho Code. A session is determined by the start and end sale of paper for a continuous series of bingo games offered for a predetermined period of time. See ~~Section 67-7708, Idaho Code~~. For special sessions it is permissible to extend the hours past midnight, but all hours past midnight and before up to 2 a.m. on the following day will count as hours for the day during which the session started, ~~which may not exceed a total of eight (8) hours.~~  
(7-1-97)( )

**(BREAK IN CONTINUITY OF SECTIONS)**

**116. PAYMENT OF EXPENSES, WINNINGS, AND CHARITABLE CONTRIBUTIONS (RULE 116).**

All payments for expenses and donations for charitable purposes must be paid by check from the Separate Bank Account and recorded in the bingo operation's general ledger. See Sections ~~67-7709(1)(a) through (c)~~, Idaho Code.  
(4-2-08)( )

**117. MINIMUM CHARITABLE OR NONPROFIT DONATION (RULE 117).**

A minimum of twenty percent (20%) of annual gross revenues of a bingo operation must be paid to a charitable or nonprofit organization to be used for charitable purposes. The licensed bingo operation must maintain records showing the charitable activities to which the proceeds are applied. See Section ~~67-7709(1)(d)~~, Idaho Code. Organizations are permitted and encouraged to donate more than twenty percent (20%) of their gross revenues from bingo operations to charitable or nonprofit organizations to be used for charitable purposes. No part of this twenty percent (20%) can be used, whether directly or indirectly, for any bingo expense.  
(4-2-08)( )

**(BREAK IN CONTINUITY OF SECTIONS)**

**122. GENERAL LEDGER (RULE 122).**

**01. Establishment of General Ledger.** A general ledger must be established to account separately for the bingo operation. Ledgers must track all transactions for the funds generated from bingo. (3-30-01)

**02. Documentation.** The accounting of revenues from sales of bingo cards or other entry fees and all disbursements must be documented. The accounting should include, but not be limited to, total prize payouts per session, and bingo related expenses per session, charitable contributions per session, wages, date and purpose or payee for each entry. (7-1-97)

**03. Annual Report.** Copies of general ledgers must accompany the Annual Bingo Report filed with the Lottery. Copies of the Charitable Contribution Acknowledgement Report Forms and Charitable Donation Reporting Form shall also accompany the Annual Bingo Report. All disbursements shall be recorded in the general ledger. (3-30-01)( )

**04. Retention of Records.** An accounting of all gross revenues and disbursements required by statute and these rules must be retained in permanent records with the organization, including the date and amount of each transaction, as well as the name and address of each payee for all prize payments exceeding one hundred dollars (\$100). A copy of each CCARF and the Charitable Donation Reporting Form shall be retained in permanent records of the organization. (3-30-01)( )

**(BREAK IN CONTINUITY OF SECTIONS)**

**202. OWNERSHIP OF PRIZES (RULE 202).**

Organizations must be able to substantiate ownership of all prizes or other legally enforceable rights to obtain the prizes to be offered in a raffle prior to advertising or selling tickets for such prizes. Proof of ownership of prizes or other legally enforceable rights to obtain prizes must be provided to the Lottery upon request. ( )

**2023. MAXIMUM PRIZES (RULE 2023).**

The maximum aggregate value of cash prizes that may be offered or paid for any single raffle event, which is not a duck race or a holiday Christmas tree fundraiser, is one thousand dollars (\$1,000). There is no limit on the maximum value of merchandise that may be offered as raffle prizes if the merchandise is not redeemable for cash. There is no limit on the maximum amount of the aggregate cash prizes for a duck race if the cash prize is underwritten by insurance, otherwise the maximum aggregate cash prize for a duck race is one thousand dollars (\$1,000). There is no limit on the maximum value of a tree that may be raffled in a holiday Christmas tree fundraiser. There is no limit on the maximum value for the merchandise used as prizes for a duck race or a holiday Christmas tree fundraiser if the merchandise is not redeemable for cash. See Section 67-7710(2), Idaho Code. (4-2-08)

**2034. REQUIREMENTS FOR DONATION TO CHARITY -- LIMITATION ON EXPENSES (RULE 2034).**

At least ninety percent (90%) of the net proceeds from sales of raffle tickets or chances and duck races must be donated to a charitable or nonprofit organization to be used for a charitable purpose. (Net proceeds are defined in Subsection 010.29 of these rules.) The name and address of the charitable or nonprofit organizations awarded these funds must be listed on the annual raffle report submitted to the Lottery. The annual raffle report must also include the charitable purpose for which the charitable donation was used by the charitable organization or non-profit organization. A maximum of ten percent (10%) of net proceeds is allowed for expenses. See Section 67-7710(3), Idaho Code. (4-2-08)

**2045. GENERAL LEDGER AND RECORDKEEPING (RULE 2045).**

Every organization conducting a raffle event must establish a general ledger for the raffle. The organization must keep records that show the total number of tickets or chances sold, the revenues from tickets or chances sold, the expenses of conducting the raffle, and the prizes for each raffle. (7-1-97)

**2056. ANNUAL RAFFLE REPORT (RULE 2056).**

Every licensed organization conducting a raffle shall prepare an annual raffle report and Charitable Donation Report ~~shall file the annual raffle and submit both reports with~~ to the Lottery within thirty (30) days after the close of its license year. See Section 67-7710(5), Idaho Code. ~~Further information required by the forms prescribed by the Lottery pursuant to statute and rule.~~ (7-1-97)( )

**2067. INDEPENDENT AUDIT OF LARGE RAFFLES (RULE 2067).**

Every charitable or non-profit organization whose gross annual revenues exceed two hundred thousand dollars (\$200,000) from the operation of raffles shall provide the Commission with a copy of an annual report of raffle events. The audit shall be performed by an independent public accountant and submitted within ninety (90) days after the end of the organizations license year. (3-30-01)

**2078. -- 299. (RESERVED).**

**(BREAK IN CONTINUITY OF SECTIONS)**

**302. INFORMATION TO BE PROVIDED IN APPLICATION (RULE 302).**

**01. Background Check of Applicants.** The application for an initial license and for a renewal license to operate a bingo game or to conduct a raffle will be reviewed and relevant background investigations will be conducted on all persons listed on the application as officers, directors or members of the special committee. The members of the governing board will be considered the de facto special committee if the governing board has not designated a special committee in its application. See Section 67-7711(3), Idaho Code. The signature from the organization's representative on the application gives the Lottery authority to conduct investigations of members of

the special committee. The persons listed on the application must be officers or directors of the organization or members of the special committee applying for a license. (4-2-08)

**02. Proper Identification.** The application must list the name, address, date of birth, driver's license number and social security or tax identification number of the applicant, if applicable. If the applicant is a corporation, association or similar legal entity, the application must also list the full name, current home address and phone number, date of birth, social security number, driver's license number and state of issuance, of each listed officer, director or member of the special committee in order to conduct background investigations. See Section 67-7711(2)(a) and (b), Idaho Code. (4-2-08)

**03. Charitable Organizations.** The application of a charitable organization must include a copy of the application for recognition of exemptions and a determination letter from the Internal Revenue Service ~~and the Idaho Tax Commission~~ that indicates that the organization is a charitable organization and that states the section of the tax code under which the exemption is granted, except that if the organization is a state or local branch, lodge, post of chapter or a national organization, a copy of the determination letter of the national organization will satisfy this requirement. See Section 67-7711(2)(c)(i), Idaho Code. The applicant must also provide verifiable documentation to prove charitable function, purpose and activities. Acceptable documentation includes, but is not limited to, meeting minutes, donation documentation, and membership list. (4-2-08)( )

**04. Incorporated Nonprofit Organizations.** The application of an incorporated nonprofit organization must include a copy of the certificate of existence issued by the secretary of state pursuant to Title 30, Chapter 3, Idaho Code, establishing the organization's good corporate standing in the state. See Section 67-7711(2)(c)(ii), Idaho Code. The applicant must also provide verifiable documentation to prove charitable function, purpose and activities. Acceptable documentation includes, but is not limited to, meeting minutes, donation documentation, and membership list. (4-2-08)( )

~~**05. Unincorporated Nonprofit Associations.** The application of an unincorporated nonprofit association operating pursuant to Title 53, Chapter 7, Idaho Code, must include a statement meeting the requirements of Section 53-710, Idaho Code, for appointing an agent for service of process. See Section 67-7711(2)(e)(iii), Idaho Code. (7-1-97)~~

~~**065. Locations.** The application must list the location or locations at which the applicant will conduct bingo games or bingo sessions or drawings for raffles. See Section 67-7711(2)(d), Idaho Code. (7-1-97)~~

~~**076. License Year and Fiscal Year.** An organization may apply for a license to coincide with the organization's fiscal year. See Section 67-7711(5), Idaho Code. (4-2-08)~~

~~**087. Failure to Provide Information.** Failure to provide all information required for an application may result in a delay in considering an application or denial or dismissal of an application for a bingo/raffle license. See Section 67-7711(1), Idaho Code. (4-2-08)~~

**303. LIMITATION OF INVOLVEMENT BY FOR-PROFIT BUSINESSES (RULE 303).**  
A for-profit business, other for-profit entity, its owners or persons employed by a for-profit business or other for-profit entity cannot operate or manage the charitable gaming activities on behalf of a charitable organization or nonprofit organization. ( )

~~**3034. MULTIPLE CHAPTERS LICENSED TOGETHER (RULE 3034).**  
Different chapters of an organization may apply for and share one (1) raffle license so long as the information required in Subsections 302.01 through 302.06 of these rules is provided to the Lottery before the issuance of the license. See Section 67-7711(4), Idaho Code. When two (2) or more chapters share a license, in aggregate they are subject to the limitations of a single organization with a license; multiple chapters sharing a license are not entitled to multiples of the event or prize limits for a license. (7-1-97)~~

~~**304. COMPENSATION OF CERTAIN PERSONS AND CONTRACTS WITH CERTAIN PERSONS PROHIBITED (RULE 304).**  
Persons listed on the application as officers or directors and their relatives and members of their household are prohibited from being compensated for their participation in the organizations bingo operation. No organization~~

~~shall contract with any person not employed by, or a volunteer for, the organization for the purpose of conducting a bingo game or raffle on the organizations behalf. See Section 67-7711(3), Idaho Code. (7-1-97)~~

**305. ACTION ON LICENSES (RULE 305).**

**01. Applications for Licenses.** An application for a license will be approved, denied or dismissed in writing within fifteen (15) days of receipt of the written application and all other required documentation, except as provided in Section 67-7712(2)(j), Idaho Code, when a criminal prosecution of an applicant is pending or an appeal from a criminal prosecution of an applicant is pending. The application will be denied if the applicant does not meet the requirements of statute and of these rules. If an application is not received ~~fifteen~~ thirty (30) days in advance of a proposed event, it is possible that a license may not be granted before the event, and the event will not be allowed to proceed without a license. See Section 67-7711(1), Idaho Code. (4-2-08)(    )

**02. Issuance of Licenses.** A license will be issued when an application for a license is approved. A license expires one (1) year after its issuance. See Section 67-7711(1), Idaho Code. (4-2-08)

**03. Notice of Intended Actions.** If the Lottery intends to deny an application for a license or the renewal of a license or intends to revoke, cancel, rescind or suspend a license, it will provide fifteen (15) days' written notice to the applicant or to the licensee of the Lottery's intent to deny, revoke, cancel, rescind or suspend the license and of the general basis for its intended action. If the applicant or licensee does not agree to the Lottery's intended action, the applicant or licensee must in writing request a hearing within the fifteen (15) day notice period. If a timely written request for a hearing is made, the hearing will be conducted in the same manner as a contested case hearing under Title 67, Chapter 52, Idaho Code. If a timely written request for a hearing is not made, the intended action is final and not subject to appeal. See Section 67-7712(3), Idaho Code. (4-2-08)

**(BREAK IN CONTINUITY OF SECTIONS)**

**411. PAPER BINGO CARD MANUFACTURERS STANDARDS (RULE 411).**

Card manufacturers must follow these standards for paper cards: (4-2-08)

**01. Quality of Paper.** The paper must be of sufficient weight and quality to allow for clearly readable numbers and to prevent ink from spreading or bleeding through a packet and obscuring other numbers or cards. (4-2-08)

**02. Random Assignment of Numbers.** Numbers printed on the card must be randomly assigned. (4-2-08)

**03. Serial Numbers.** Each set of cards must be comprised of cards bearing the same serial number. No serial number may be duplicated by a manufacturer in a given year. (4-2-08)

**04. Packet Assembly.** Cards assembled in books or packets must be glued, not stapled. (4-2-08)

**05. Labeling.** A label must be placed on the exterior of each carton of bingo paper listing the type of product, number of packets or loose sheets, serial numbers, per (series) numbers, number of cases, cut of paper, and color of paper. (4-2-08)

**06. Packing Slips.** A packing slip inside each case must list the same information as listed on the label. (4-2-08)

**07. Invoice.** All orders must be accompanied by an invoice which lists the type of product, number of packets or loose sheets, serial numbers of all packets or loose sheets, per (series) numbers, number of cases, cut of paper, color of paper and pricing by item. The invoice must also include the supplier (vendor) name, and the name and address of the organization purchasing the paper. (    )

# IDAPA 52 - IDAHO STATE LOTTERY

## 52.01.03 - RULES GOVERNING OPERATIONS OF THE IDAHO STATE LOTTERY

DOCKET NO. 52-0103-0801

### NOTICE OF RULEMAKING - PROPOSED RULE

**AUTHORITY:** In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section 67-7408(1), Idaho Code.

**PUBLIC HEARING SCHEDULE:** Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than September 17, 2008.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

**DESCRIPTIVE SUMMARY:** The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The proposed rule changes are necessary housekeeping measures to maintain and ensure consistency between the rules and Idaho Lottery operational and business practices and to eliminate unnecessary rules which simply restate what is already set forth in the applicable statute. Rule changes include amendment to certain rules to eliminate reference to requirements that are contrary to longstanding Idaho Lottery operational and business practices and elimination of certain rules that simply restate and/or conflict with applicable law. Rule changes include:

1. Addition of a new subsection clarifying longstanding methods of selling lottery tickets;
2. Eliminating reference to requirements that on-line game drawings be videotaped;
3. An independent certified public accountant witness on-line game drawings; and
4. Eliminating requirements that equipment used in such drawings be inspected by a certified public accountant.

Further, the Lottery seeks to delete unnecessary rules that simply restate what Section 67-7414, Idaho Code already mandates.

**FEE SUMMARY:** The following is a specific description of the fee or charge imposed or increased: N/A

**FISCAL IMPACT:** The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: None.

**NEGOTIATED RULEMAKING:** Pursuant to IDAPA 04.11.01.811, negotiated rulemaking was not conducted because of the simple nature of the rulemaking.

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Jeff Anderson, Director, (208) 334-2600.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before September 24, 2008.

DATED this 29th day of July, 2008.

Jeff Anderson, Director  
Idaho State Lottery  
1199 Shoreline Ln., Ste. 100  
Boise, ID 83702  
Phone: (208) 334-2600  
Fax: (208) 334-2610

**THE FOLLOWING IS THE TEXT OF DOCKET NO. 52-0103-0801**

**100. GENERAL PROVISIONS (RULE 100).**

**01. Purpose.** These rules are established by the Commission to define and regulate the operation and administration of the Lottery and the Commission. (3-26-08)

**02. Lottery Commission.** The Commission is charged with the authority and duty to regulate Lottery activities in the state of Idaho, consistent with the Idaho Constitution and the enabling legislation. The headquarters of the Commission and of the Lottery is in Boise. (3-26-08)

**03. Powers and Duties of the Commission.** (3-26-08)

**a. Rule Promulgation.** The Commission promulgates rules and conditions under which the statewide Lottery will be conducted. Subjects covered in such rules include but need not be limited to: (3-26-08)

i. The types of Lottery games to be conducted; (3-26-08)

ii. The prices of tickets in the Lottery; (3-26-08)

iii. In general the numbers and sizes of prize disbursements, the manner and frequency of prize drawings, and the manner in which payment will be made to holders of winning tickets; (3-26-08)

iv. The locations at which Lottery tickets may be sold, the manner in which they are to be sold, and contracting with Lottery vendors, retailers and contractors; (3-26-08)

v. The manner in which Lottery sales revenues are to be collected; (3-26-08)

vi. The amount of compensation to be paid to retailers; (3-26-08)

vii. Other areas relating to the efficient and economical operation and administration of a statewide Lottery consonant with the public interest. (3-26-08)

**b. Delegation to Director.** In addition to those duties assigned to the Director in the Act, the Commission may, insofar as is consistent with the Idaho Constitution and the Act, delegate the performance of executive or administrative functions to the Director. (3-26-08)

**04. Time and Place of Meetings.** (3-26-08)

**a.** Regular meetings of the Commission must be held at least quarterly; the date, time, and place will be set by the Commission and, if possible, with at least two (2) weeks' advance notice. The Commission may meet with the Director to make recommendations and set policy, to approve or reject reports of the Director, to adopt rules, and to transact other business. (3-26-08)

**b.** Additional meetings necessary to discharge the business of the Commission may be called from time to time by the chairman or by a quorum of the Commission. (3-26-08)

**05. Open Meeting Law.** All meetings of the Commission shall be held in accordance with Idaho's Open Meeting Law, Sections 67-2340, et seq., Idaho Code, and in accordance with Section 67-7442, Idaho Code. All meetings of the Commission are open to the public, except when executive session is allowed for part of the meeting under the Open Meeting Law. (3-26-08)

**06. Director.** The Director is responsible for the operation of the Lottery and for managing the affairs of the Commission. A Deputy Director designated by the Director may act for the Director in the absence of the Director. If there is a vacancy in the office of Director, the Commission will designate the Deputy Director as Interim

Director until the vacancy can be filled. (3-26-08)

**07. Powers and Duties of the Director.** (3-26-08)

**a.** The Director has the authority to implement and execute procedures that he may deem appropriate for the efficient administration of the Lottery. The Director may also recommend rules governing the establishment, administration, and operation of the Lottery to the Commission for its approval; (3-26-08)

**b.** The Director is authorized to employ sufficient staff as may be required to carry out the functions of the Commission and the Lottery; (3-26-08)

**c.** The Director may contract with retailers for the sale of Lottery games and must suspend or terminate any contract in accordance with the provisions of the Act and the rules of the Commission; (3-26-08)

**d.** The Director must continuously study and investigate all matters pertinent to the efficient operation of the Lottery; and (3-26-08)

**e.** The Director must maintain full and complete records of the operation of the Lottery. The Director must report on at least a monthly basis to the Commission and to the governor on the status of the Lottery. (3-26-08)

**f.** The duties and responsibilities of the Director that are not otherwise specified in Idaho law or the rules adopted by the Commission may be maintained as a policy of the Commission for the purpose of establishing a working relationship between the Director and the Commission. (3-26-08)

**08. Lottery Offices.** (3-26-08)

**a.** The principal office of the Lottery is located at 1199 Shoreline Lane, Suite 100, Boise, Idaho 83702. (3-26-08)

**b.** The Lottery may also operate other offices and facilities throughout the state as are appropriate to fulfill its responsibilities under law. (3-26-08)

**09. Lottery Budgets and Financial Statements.** The Director must: (3-26-08)

**a.** Submit quarterly financial statements to the Commission, the governor, the state treasurer, and the legislature. The quarterly financial statements must be prepared in accordance with generally accepted accounting principles and must include a balance sheet, a statement of operations, a statement of changes in financial position, and related footnotes. The quarterly financial statements must be provided within forty-five (45) days of the last day of each quarter. (3-26-08)

**b.** Submit annual financial statements to the Commission, the governor, the state treasurer, and each member of the legislature. The annual financial statements must be prepared in accordance with generally accepted accounting principles and must include a balance sheet, a statement of operations, a statement of changes in financial position, and related footnotes. The annual financial statements must be examined by the state controller or a firm of independent certified public accountants in accordance with generally accepted auditing standards and must be provided within ninety (90) days of the last day of the Lottery's fiscal year. (3-26-08)

**10. Contingency Reserve.** (3-26-08)

**a.** The Director may, with the approval of the Commission, allot from moneys available to pay administrative expenses an amount to be transferred to a contingency reserve established by the Commission. The money allotted can include amounts retained to fund specific future expenses or can be undesignated as to purpose. (3-26-08)

**b.** When the Commission approves a contingency reserve, it must determine the amount necessary for a reasonable contingency reserve. (3-26-08)

**c.** Upon approval of the Commission, money in the contingency reserve may be authorized to be used for specific purposes of the Lottery or to be used to fund general administrative expenses if there is a revenue shortfall. Expenses funded from the contingency reserve cannot be included with other administrative expenses for purposes of determining compliance with current administrative expenditure limitations. (3-26-08)

**11. Special Drawings.** (3-26-08)

**a.** The Director may authorize special drawings to award prizes, such as vacation trips, automobiles, or other tangible items in addition to, or in lieu of, cash awards. The Director will determine the nature and number of awards for each special drawing. Special drawings for promotional awards may be held independently of the Lottery's regular prize drawings or may be incorporated therein. The promotional drawings may be cosponsored and conducted in conjunction with Lottery retailers or other independent businesses. In view of the temporary nature and indeterminate frequency of the promotional awards drawings, a press announcement and normal advertising media will be used to inform the public of the rules and prizes for each special drawing. (3-26-08)

**b.** Notwithstanding the provisions of Paragraph 100.11.a. of this rule, the Director may, at his discretion, award in-lieu equivalent cash awards to the winners of tangible items, in those instances where the Director deems it appropriate. The value of noncash items must be estimated by using either the cost of the item or its fair-market value. (3-26-08)

**12. Retail Drawings.** The Director and his designee may authorize retailers to conduct drawings using non-winning Lottery tickets in conjunction with a particular Lottery game. Such authorization must be in writing, must specify the type of drawing to be conducted and must set forth the methodology to be used in conducting the drawing. (3-26-08)

**13. Retail Ticket Price Discounts.** (3-26-08)

**a.** Notwithstanding the price adopted for the retail sale of a ticket in the rules for a specific Lottery game, the Commission may offer discounts for the retail sale of Lottery tickets. (3-26-08)

**i.** Discounts for the retail sale of Lottery tickets may be offered to the public through the use of coupons approved by the Director or by any other method approved by the Director. (3-26-08)

**ii.** Coupons that offer a discount on the retail price of Lottery tickets must be distributed using methods designed to reach the public. These methods may include, but are not limited to, the use of direct mail, newspaper advertising, or by having coupons available at Lottery offices and retailer locations. (3-26-08)

**b.** Rules for a promotion conducted by the Lottery using retail ticket discounts must be announced by the Director and made available at the Lottery's offices and retailer locations. (3-26-08)

**14. Allocation of Revenues for Prizes.** (3-26-08)

**a.** Purpose: The primary objective of the Lottery is to produce the maximum amount of net revenues to benefit the public purpose of raising revenue consonant with the dignity of the state and the sensibilities of its citizens. In accomplishing this objective, at least forty-five percent (45%) of the total annual revenues shall be returned in the form of prizes. The Lottery may design and conduct games that return more than forty-five percent (45%) of the revenues received from the sale of tickets in the form of prizes as an incentive to increase the total amount of game sales over the level of sales that otherwise would have been reasonably expected using a lower prize percentage. Games may also be authorized that return less than forty-five percent (45%) of that game's revenues so long as forty-five percent (45%) of the total annual revenues is returned as prizes. (3-26-08)

**b.** Prize payments: In addition to cash prize payments, money set aside by the Lottery and restricted for the payment of prizes is considered in satisfying the requirement of returning at least forty-five percent (45%) of total revenues to the public in the form of prizes. (3-26-08)

**c.** Averaging game prize payments: Notwithstanding the prize structure adopted for a Lottery game, the amount of revenue returned for prizes among all the games offered by the Lottery may be reallocated so long as at

least forty-five percent (45%) of the total revenue earned from all games is returned to the public in the form of prizes on an annual basis. The Director must report to the Commission on any reallocations made pursuant to Section 100 of these rules. (3-26-08)

**15. Ownership of Lottery Tickets.** (3-26-08)

**a.** Except for tickets claimed jointly in accordance with the provisions of Paragraph 100.15.d. of this rule, until a name is printed or placed upon a Lottery ticket in the area designated for "name," the ticket is owned by the bearer of the ticket. When a name is placed on the ticket in the place designated for a name, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to the ticket. (3-26-08)

**b.** If more than one (1) name appears on a ticket, the ticket must be claimed in accordance with the joint ownership procedures listed in Paragraph 100.15.d. of this rule. (3-26-08)

**c.** Groups, family units, clubs, or other organizations may claim a winning ticket if the organization possesses a Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service and that number is shown on the claim form. (3-26-08)

**d.** If a ticket is claimed to be owned by two (2) or more people, the following steps will be taken for payment of the prize: (3-26-08)

**i.** All people claiming ownership must complete and sign a request and release form. (3-26-08)

**ii.** At least one (1) of the people claiming ownership of the ticket must sign the ticket; that person's signature must also appear on the request and release form. (3-26-08)

**iii.** The Lottery reserves the right to issue a single prize check instead of multiple prize checks to the owners of a ticket if the value of each individual prize check would be less than fifty dollars (\$50). (3-26-08)

**iv.** Multiple winners of a Lottery prize will be paid only through the Boise Lottery office. Lottery retailers will not be required to pay more than one (1) winner of a single prize. (3-26-08)

**16. Claims.** (3-26-08)

**a.** Liability. By submitting a claim, the player agrees that the state, the Commission, the Lottery and all officials, officers, and employees of each are discharged from all further liability upon payment of the prize. (3-26-08)

**b.** Publicity. By submitting a claim, the player also agrees that the Lottery may use the prize winner's name and photograph for publicity purposes. (3-26-08)

**c.** Claim period. Prizes may be claimed for a period of one hundred eighty (180) days after the drawing in which the prize was won or from the last day tickets from the specific instant game were sold. Prizes won through an electronic terminal are payable in accordance with the Lottery's rules. If a claim is not made for the prize within the applicable period, the prize money will be added to future prize pools, to be used in addition to prize allotments already allocated, except as provided in Section 67-7433, Idaho Code. (3-26-08)

**d.** Invalid tickets. If a ticket presented to the Lottery is invalid pursuant to the terms of these rules or the specific game rules, the ticket is not entitled to prize payment. (3-26-08)

**e.** Ticket a bearer instrument. A ticket is a bearer instrument until signed in the space designated on the ticket for signature, if a signature space is provided. The person who signs the ticket is considered the owner of the ticket after signing it. Payment of any prize may be made to a person in possession of an unsigned ticket or to the person whose signature appears on the ticket. All liability of the state, the Commission, the Lottery, the Director, and Lottery employees terminates upon payment. (3-26-08)

**f.** Time of prize payment. All prizes will be paid within a reasonable time after a claim is verified by

the Lottery and a winner is determined. The date of the first installment payment of any prize to be paid in installment payments is the date the claim is validated and processed, unless a different date is specified for a particular game in these rules or in the specific game rules. Later installment payments will be made approximately weekly, monthly, or annually, from the date the claim is processed and validated in accordance with the type of prize won and the rules applicable to the prize. The Lottery may, at any time, delay any prize payment in order to review a change in circumstances concerning the prize awarded, the payee, or the claim. (3-26-08)

**g.** Prizes payable for winner's life. If any prize is for the life of the winner, only an individual may claim and receive the prize for life. If a group, corporation, or other organization is the winner, the life of the winner is deemed to be twenty (20) years. (3-26-08)

**17. Prizes Payable After Death of Winner.** All prizes, and portions of prizes, that remain unpaid at the time of the prize winner's death will be payable to the personal representative of the prize winner's estate once satisfactory evidence of the personal representative's appointment has been provided, and the Director is satisfied that payment to the personal representative is lawful and proper. The Director may rely on a certified copy of a court order appointing a personal representative (or similar person responsible for the prize winner's estate, whether denominated an administrator, executor, executrix, or other representative of the prize winner's estate) or may petition the court to determine the proper payee. Payment to the personal representative of the estate of the deceased owner of any prize winnings will absolve the Director and the Lottery's employees of any further liability for payment of prize winnings. (3-26-08)

**18. Disability of Prize Winner.** The Lottery may petition any court of competent jurisdiction for a determination of the rightful payee for the payment of any prize winnings that are or may become due to a person under a disability including, but not limited to, minority, mental deficiency, or physical or mental incapacity. (3-26-08)

**19. Stolen or Lost Tickets.** The Lottery has no responsibility for paying prizes attributable to stolen or lost tickets. (3-26-08)

**20. Effect of Game Rules.** In purchasing a ticket the player agrees to comply with Title 67, Chapter 74, Idaho Code, these rules, the specific game rules, Lottery instructions and procedures, and the final decisions of the Lottery. The Lottery's decisions and judgments in respect to the determination of winning tickets or any other dispute arising from the payment or awarding of prizes will be final and binding upon all participants in the Lottery. If a dispute between the Lottery and a player occurs as to whether a ticket is a winning ticket and the prize is not paid, the Lottery may, solely at the Director's option, replace the ticket with an unplayed ticket of an equivalent price from any game or refund the price of the ticket. This will be the sole and exclusive remedy of the player. (3-26-08)

**21. Disputed Prizes.** If there is a dispute, or it appears that there may be a dispute concerning payment or ownership of any prize or any other legal issue involving the prize, the Lottery may refrain from making payment of the prize pending a final determination by the Lottery or by a court of competent jurisdiction as to the proper payment of the prize. (3-26-08)

**22. Sale of Lottery Tickets.** Lottery tickets may be sold for cash, check, money order, credit card, electronic funds transfer, or debit card. ( )

**(BREAK IN CONTINUITY OF SECTIONS)**

**202. GENERAL INSTANT TICKET GAME OPERATING RULES (RULE 202).**

**01. Instant Games -- Authorized -- Director's Authority.** The Commission hereby authorizes instant games that meet the criteria set forth in these rules. The Director is hereby authorized to select, operate, and contract relating to and for the operation of instant games that meet the criteria set forth in these rules. (3-26-08)

**02. Definitions.** As used in Section 202 of these rules, these terms have the following definitions:

- (3-26-08)
- a. Instant Ticket Validation Bar Code. The bar code that enables retailers to validate instant tickets. (3-26-08)
  - b. ITA System. The Instant Ticket Automation system that validates winning instant tickets. (3-26-08)
  - c. Pack. A package of instant game tickets with a designated number of tickets that may be (but do not have to be) fanfolded and attached to each other by perforations, which perforations the retailer tears when selling a ticket, and that are packaged in plastic shrink-wrapping, foil or some similar outer wrapping material. (3-26-08)
  - d. Pack-Ticket Number. The number printed on the ticket. A game identification number must be included in the book-ticket number. (3-26-08)
  - e. Play Symbol Caption. The small printed material appearing below each play symbol which repeats or explains the play symbol. One (1) and only one (1) play symbol captions appears under each play symbol. (3-26-08)
  - f. Play Symbols. Figures printed in approved ink that appear under each of the rub-off spots on the front of the ticket. (3-26-08)
  - g. Retailer Validation Code. The small letters found under the removable rub-off covering over the play symbols on the front of the ticket, which the ticket retailer uses to verify winners of twenty-five dollars (\$25) or less. The letters appear in varying locations beneath the removable rub-off covering and among the play symbols. (3-26-08)
  - h. Ticket. An Idaho instant game ticket. (3-26-08)
  - i. Ticket Validation Number. The unique number on the front of the ticket. (3-26-08)
- 03. Sale of Tickets.** (3-26-08)
- a. No person other than a retailer under a contract for the sale of tickets with the Lottery may sell Lottery tickets, except that nothing in this section shall be construed to prevent a person who may lawfully purchase tickets from making a gift of Lottery tickets to another. (3-26-08)
  - b. Unless authorized by the Lottery, tickets may not be sold at a location other than the address listed on the retailer's contract with the Lottery. (3-26-08)
  - c. Nothing in this section shall be construed to prohibit the Commission from designating certain of its agents and employees to sell Lottery tickets directly to the public. (3-26-08)
- ~~**04. Retailer Compensation.** (3-26-08)~~
- ~~a. The compensation paid to Lottery retailers will be five percent (5%) of the retail price of the tickets or shares. (3-26-08)~~
  - ~~b. The Director may pay instant ticket retailers a commission of up to one percent (1%) of the tickets sold by the retailer as a bonus to the retailer. The Director may pay Lottery game retailers an additional one percent (1%) incentive bonus based on attainment of sales volume or other objectives specified by the Director for a Lottery game. (3-26-08)~~
- 054. Instant Games Ticket Price.** The price of an instant game ticket will be set by the Director. No person may sell a ticket at a price other than that established in accordance with these rules. (3-26-08)
- 065. Prize Structures.** The Director will provide to all Lottery game retailers a detailed tabulation of the

estimated number of prizes of each particular prize denomination that are expected to be awarded in each Lottery game and a close approximation of the odds of winning the prizes. (3-26-08)

**076. Number and Value of Instant Ticket Prizes.** Lottery game prize structures, odds of winning, number of tickets, number and value of prizes, play symbol and captions used for validation will not be adopted by administrative rules. Rather, the Director will submit proposed games to the Commission, who must approve each game's general format before the initiation of each game. All instant games must be conducted in accordance with the rules of the Commission. (3-26-08)

**087. Official Start of Game.** (3-26-08)

**a.** Games with a prize structure adopted by the Commission pursuant to Subsection 202.07 of this rule may be started at a time selected by the Director. The Director will publicly announce the starting date of a new game by use of a press release or any other appropriate means. The Director may also issue game information that includes a description of the game, odds of winning a prize, the number and value of prizes, and the play symbols and captions used for prize validation. (3-26-08)

**b.** Games using a prize structure other than a prize structure previously approved by the Commission must be approved by the Commission before game tickets can be sold to the public. (3-26-08)

**098. Determination of Winners.** (3-26-08)

**a.** Winners of an instant game are determined by the matching or specified alignment of the play symbols on the tickets. The play symbols are revealed by scratching or rubbing off the latex or similar secure material that covers spots on the ticket. The ticket bearer must notify the retailer or the Lottery of the win and submit the winning ticket to the retailer or the Lottery as provided in these rules. The winning ticket must be validated by the Lottery through use of the validation number or by any other means specified by the Director. (3-26-08)

**b.** Unless otherwise provided by game rules, only the highest instant prize amount will be paid on a given ticket. (3-26-08)

**c.** No portion of the play symbol captions, retailer validation codes, display printing nor any extraneous matter whatever will be usable or playable as a part of the instant game. (3-26-08)

**d.** The ticket validation number or any portion thereof is not a play spot and is not usable or playable as such. (3-26-08)

**e.** In all Lottery games, the determination of prize winners is subject to the general ticket validation requirements set forth in Subsection 200.14, et seq., and Subsection 202.11 of this rule, and the requirements set out on the back of each instant game ticket. (3-26-08)

**f.** The length of operation of an instant game will be determined by the Director. The start date and closing date of the instant game will be publicly announced. (3-26-08)

**409. Payment of Prizes.** The procedures for claiming instant ticket prizes are as follows: (3-26-08)

**a.** Instant ticket prizes of less than six hundred dollars (\$600) may be claimed by one (1) of the following methods: (3-26-08)

**i.** The claimant may present the winning ticket to any Lottery retailer. The retailer must verify the claim and, if acceptable, make payment of the amount due the claimant. A retailer may pay prizes in cash or by business check, or money order, or any combination thereof. A retailer that pays a prize with a check that is dishonored may be subject to suspension or termination of the retailer's contract. (3-26-08)

**ii.** If the retailer cannot verify the claim, the claimant must fill out a claim form, which the retailer must present the completed form and the disputed ticket to the Director. If the claim is validated by the Director, a check will be forwarded to the claimant in payment of the amount due. If the claim is not validated by the Director,

the claim will be denied and the claimant shall be promptly notified. (3-26-08)

iii. The claimant may bring the ticket to the Boise Lottery office or complete a claim form and mail it with the ticket to the Idaho State Lottery, P.O. Box 6537, Boise, Idaho 83707-6537 (registered mail recommended). Claim forms may be obtained from any Lottery game retailer or from the Lottery at the following address: 1199 Shoreline Lane, Suite 100, Boise, Idaho 83702. (3-26-08)

b. To claim an instant prize of six hundred dollars (\$600) or more, the claimant must either bring the winning ticket to the Boise Lottery office or complete a claim form and mail the completed form together with the winning ticket to the Idaho State Lottery, P.O. Box 6537, Boise, Idaho 83707-6537 (registered mail recommended). (3-26-08)

c. Prizes of six hundred dollars (\$600) or more can be paid only from the Boise Lottery office. Upon validation by the Director, a check will be forwarded to the claimant in payment of the amount due, less any applicable federal income tax withholding. (3-26-08)

d. Any ticket not passing all the validation checks is void and ineligible for any prize and will not be paid. However, the Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or ticket of equivalent sales price from any other current game). If a defective ticket is purchased, the only responsibility or liability of the Lottery is the replacement of the defective ticket with another unplayed ticket (or ticket of equivalent sale price from any other current game). (3-26-08)

e. All prizes must be paid within a reasonable time after they are awarded and after the claims are verified by the Director. For each prize requiring annual payments, all payments after the first payment will be made on the anniversary date of the first payment in accordance with the type of prize awarded. The Director may, at any time, delay any payment in order to review a change of circumstances concerning the prize awarded, the payee, the claim, or any other matter that may have come to his attention. All delayed payments will be brought up to date immediately upon the Director's confirmation and continue to be paid on each original anniversary date thereafter. (3-26-08)

**140. Ticket Validation Requirements.** In addition to meeting all of the other requirements in these rules or as may be printed on the back of each instant game ticket, the following validation requirements apply with regard to instant game tickets: (3-26-08)

a. To be a valid instant game ticket, all of the following requirements must be met: (3-26-08)

i. The ticket must have been issued by the Director in an authorized manner. (3-26-08)

ii. The ticket must not be altered, unreadable, or tampered with in any manner. (3-26-08)

iii. The ticket must not be counterfeit in whole or in part. (3-26-08)

iv. The ticket must not be stolen nor appear on any list of omitted tickets on file with the Lottery. (3-26-08)

v. The ticket must be complete and not blank (or partially blank), miscut, misregistered, defective, or printed or produced in error. (3-26-08)

vi. Under the opaque covered play area, the ticket must have play symbols and the correct corresponding captions, exactly one (1) pack-ticket number, exactly one (1) agent verification code, and exactly one (1) validation number as required by each approved set of game rules, all of which must be present in their entirety, legible, right-side up, and not reversed in any manner. (3-26-08)

vii. The validation number of an apparent winning ticket must appear on the Lottery's official list of validation numbers of winning tickets; and a ticket with that validation number cannot have been previously paid. (3-26-08)

viii. The ticket must pass all additional confidential validation requirements established by the Director. (3-26-08)

ix. If the prize is for six hundred dollars (\$600) or more, the ticket must be signed. (3-26-08)

**b.** Any ticket not passing all the validation checks in Paragraph 202.11.a. of this rule is void and ineligible for any prize and shall not be paid. However, the Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or tickets of equivalent sales price) from any other current Lottery game. If a defective ticket is purchased, the only responsibility or liability of the Lottery will be the replacement of the defective ticket with another unplayed ticket (or ticket of equivalent sales price from any other current Lottery game). (3-26-08)

**c.** The Director may authorize reconstruction of an alleged winning ticket that was not received or cannot be located by the Lottery, provided, the person requesting reconstruction must submit to the Lottery sufficient evidence to enable reconstruction and must submit a claim for the prize, if any, for that ticket. If the reconstructed ticket is a winning ticket and meets the validation requirements of Paragraph 202.11.a. of this rule and any specific validation requirements contained in the rules for its specific game, the Director may authorize payment of the prize. Provided, the ticket will not be validated nor the prize paid before the one hundred eighty-first (181) day following the official end of that instant game. A ticket(s) validated pursuant to this Subsection will not entitle the claimant to be entered into the grand prize drawing, if any, for that or any subsequent instant game. (3-26-08)

**121. Prize Rights Unassignable.** No person's right to a prize already drawn is assignable, except that payment of any prize already drawn may be paid to the estate of a deceased prize winner, and a person other than the prize winner may be paid the prize to which the winner is entitled as provided by court order. The Director will be discharged of all liability upon payment of a prize pursuant to this rule. (3-26-08)

**132. Payment of Prizes to Persons Under Eighteen Years of Age.** If a person entitled to a prize for a winning ticket is under the age of eighteen (18) years, the Director may direct payment of the prize to an adult member of the minor's family or to the minor's guardian by a check or draft payable to the adult member of the minor's family or the minor's guardian. The adult member of the minor's family or the minor's guardian will have the same duties and powers as a person designated as a custodian in accordance with Idaho law. For purposes of this Subsection, the terms "adult member of a minor's family" and "guardian of a minor" have the same meaning as in the Idaho Gifts to Minors Law. The Director will be discharged of all liability upon payment of a prize to a minor pursuant to this rule. (3-26-08)

**143. Prizes Payable After Death or Disability of Owner.** (3-26-08)

**a.** All prizes, and portions of prizes that remain unpaid at the time of the prize winner's death will be payable to the personal representative of the prize winner's estate once satisfactory evidence of the personal representative's appointment has been provided, and the Director is satisfied that payment to the personal representative is lawful and proper. The Director may rely on a certified copy of a court order appointing a personal representative (or similar person responsible for the prize winner's estate, whether denominated an administrator, executor, executrix, or other representative of the prize winner's estate) or may petition the court to determine the proper payee. Payment to the personal representative of the estate of the deceased owner of any prize winnings will absolve the Director and the Lottery's employees of any further liability for payment of prize winnings. (3-26-08)

**b.** The Lottery may petition any court of competent jurisdiction for a determination of the rightful payee for the payment of any prize winnings that are or may become due to a person under a disability including, but not limited to, minority, mental deficiency, or physical or mental incapacity. (3-26-08)

**154. Governing Law.** In purchasing a ticket, the customer agrees to comply with, and abide by, Idaho law, and all rules and final decisions of the Lottery, and all procedures and instructions established by the Lottery or the Director for the conduct of the game. (3-26-08)

**165. Discharge of All Liability Upon Payment.** The state of Idaho, its agents, officers, employees, and representatives, the Lottery, its Director, agents, officers, employees and representatives, will be discharged of all liability upon payment of a prize or any one (1) installment thereof to the holder of any winning Lottery ticket or in

accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning Lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of prizes are final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. If a question arises concerning the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy. (3-26-08)

**176. Unclaimed Prize Money.** Any prize not claimed within the specified period will be forfeited and placed into the State Lottery Account. (3-26-08)

**187. Disclosure.** The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional or publicity campaign. The address used will not contain the winner's street or house number without the winner's consent. The Lottery may condition payment of the prize upon agreement to these terms and conditions. (3-26-08)

**198. Confidentiality of Tickets.** All retailers and their employees and agents are prohibited from attempting to ascertain the numbers or symbols appearing in the designated areas under the removable latex or similar secure coverings or otherwise attempting to identify winning tickets. (3-26-08)

**2019. Official End of Game.** (3-26-08)

**a.** The official end of an instant game will be announced by the Lottery. Prizes may be claimed up to one hundred eighty (180) days after the official end of the game. If the final day of the claim period falls on a Saturday, Sunday or a state holiday, the claim period will be extended to the end of the next business day. A player may submit a winning ticket claim for prize payment up to one hundred eighty (180) days after the official end of the game. Depending on the prize amount, the ticket should be submitted to the location specified in Subsection 202.10 of this rule, "Payment of Prizes." To participate in one (1) of the Lottery's special drawings, if any, a player must redeem a ticket that qualifies for entry into that special drawing within the time limits specified by the Director. (3-26-08)

**b.** A retailer must return to the Lottery all unsold Lottery tickets for each game within ninety (90) days of the official end of that game in order to receive credit from the Lottery as provided in retailer's contract. The Lottery has no obligation to grant credit for tickets returned after the time limit specified in the contract. (3-26-08)

**(BREAK IN CONTINUITY OF SECTIONS)**

**204. ON-LINE COMPUTER GAMES (RULE 204).**

**01. On-Line Games -- Authorized -- Director's Authority.** The Commission hereby authorizes the Director to select and operate on-line games which meet the criteria set forth in these rules. (3-26-08)

**02. Definitions.** As used in Rule 204 these terms have the following definitions: (3-26-08)

**a.** "Drawing." The procedure determined by the Director by which the Lottery selects the winning combination in accordance with the rules of the game. Drawings are open to the public, ~~and are required to be witnessed by an independent certified public accountant.~~ The equipment used in any drawing must be inspected by the ~~independent certified public accountant and the~~ Director of ~~the Lottery~~ Security ~~Division~~ or his designee both before and after the drawing. ~~All drawings and inspections are required to be recorded on both video and audio tape.~~ (3-26-08)(\_\_\_\_)

**b.** “On-line Game.” A Lottery game in which a player selects a combination of numbers or symbols, the type of game and amount of play, and the drawing date by use of a computer. In return for paying the appropriate fee, the player receives a computer-generated ticket with the player’s selection printed on it. Each ticket bearer whose valid ticket includes a winning combination will be entitled to a prize if claim is submitted within the specified time period. (3-26-08)

**c.** “On-line Retailer.” A person or business authorized by the Lottery to sell on-line tickets. (3-26-08)

**d.** “On-line Terminal (OLT).” The computer hardware by which an on-line retailer or player enters the combination selected by the player and by which on-line tickets are generated and claims are validated. (3-26-08)

**e.** “On-line Ticket.” A computer-generated ticket issued by an on-line terminal to a player as a receipt for the combination a player has selected. That ticket is the only acceptable evidence of the combination of numbers or symbols selected. (3-26-08)

**f.** “Ticket Bearer.” The person who has signed the on-line ticket or who has possession of an unsigned ticket. (3-26-08)

**g.** “Validation.” The process of determining whether an on-line ticket presented for payment is a winning ticket. (3-26-08)

**h.** “Winning Combination.” One (1) or more numbers or symbols randomly selected by the State Lottery or its designee in a public drawing. (3-26-08)

**03. Distribution of Tickets.** (3-26-08)

**a.** Tickets will be sold by retailers selected by the Director. (3-26-08)

**b.** The Director is authorized to arrange for the distribution of OLTs, player-activated terminals (PATs), ticket stock, and supplies to certificated retailers. (3-26-08)

**04. Sale of Tickets.** (3-26-08)

**a.** No person other than a retailer under a contract for the sale of tickets with the Lottery may sell on-line Lottery tickets, except that nothing in this section will be construed to prevent a person who may lawfully purchase tickets from making a gift of Lottery tickets to another. (3-26-08)

**b.** Tickets may not be sold at a location other than the address listed on the retailer’s contract with the Lottery. (3-26-08)

**c.** Nothing in this section shall be construed to prohibit the Director from designating certain of its agents and employees to sell Lottery tickets directly to the public. (3-26-08)

**05. On-Line Games Criteria.** (3-26-08)

**a.** The base price of an on-line ticket will not be less than fifty cents (\$.50), except to the extent of discounts authorized by the Commission. (3-26-08)

**b.** The price for a ticket in any particular on-line game will be set out in the game rules adopted by the Commission for that game. No person may sell a ticket at a price other than that established in accordance with these rules. On the average, the total of all prizes available to be won in an on-line game shall not be less than forty-five percent (45%) of the on-line game’s projected revenue. (3-26-08)

**c.** The manner and frequency of drawings may vary with the type of on-line game. (3-26-08)

**d.** The times, locations, and drawing procedures will be determined by the Director. (3-26-08)

**e.** A ticket bearer entitled to a prize must submit the winning ticket as specified by the Director. The winning ticket must be validated by the Lottery or an on-line retailer through use of the validation number and any other means specified by the Director. (3-26-08)

**06. Payment of Prizes.** (3-26-08)

**a.** To claim an on-line game prize of less than six hundred dollars (\$600) the claimant may present the winning on-line ticket to any on-line retailer, or to the Boise Lottery office: (3-26-08)

**i.** If the claim is presented to an on-line retailer, the on-line retailer must validate the claim and, if determined to be a winning ticket, pay the amount due the claimant. If the on-line retailer cannot validate the claim, the claimant may obtain and complete a claim form and submit it with the disputed ticket to the Lottery by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery will present or mail a check to the claimant in payment of the amount due. If the ticket is determined to be a non-winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-26-08)

**ii.** If the claim is presented to the Boise Lottery office, the claimant may be required to complete a claim form and submit it with the winning ticket, either by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery will present or mail a check to the claimant in payment of the amount due, less any withholding required by the Internal Revenue Code. If the ticket is determined to be a non-winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-26-08)

**b.** To claim an on-line prize of six hundred dollars (\$600) or more, the claimant must obtain and complete a claim form and submit it with the winning ticket to the Boise Lottery office by mail or in person. Prizes of six hundred dollars (\$600) or more can be paid only from the Boise Lottery office. Upon determination that the ticket is a winning ticket, the Lottery will present or mail a check to the claimant in payment of the amount due, less any withholding required by the Internal Revenue Code. The amount due will be calculated according to the rules adopted for the particular on-line game. If the ticket is determined to be a non-winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-26-08)

**c.** All prizes must be claimed within one hundred eighty (180) days from the drawing in which the prize was won. If the final day of the one hundred eighty (180) day period falls on a Saturday, Sunday or a state holiday, the claim period will be extended to the end of the next business day. Any prize not claimed within the specified period will be forfeited and placed into the State Lottery account. (3-26-08)

**07. Drawings and End of Sales Prior to Drawings.** (3-26-08)

**a.** Drawings will be conducted in a location and at days and times designated by the Director. (3-26-08)

**b.** For each type of on-line game, the Director will establish a time before the drawing for the end of sales. (3-26-08)

**c.** The Director will designate a Drawing Manager who will oversee each drawing. The Drawing Manager must attest that the drawing was conducted in accordance with proper drawing procedures at the end of each drawing. (3-26-08)

**d.** The Director will designate the type of equipment to be used and will establish procedures to randomly select the winning combination for each type of on-line game. Drawing procedures will include provisions for the substitution of backup drawing equipment if the primary drawing equipment malfunctions or fails for any reason. (3-26-08)

**e.** The equipment used to determine the winning combination will not be electronically or otherwise connected to the central computer or to any tapes, discs, files, etc., generated or produced by the central computer. The equipment must be tested before and after each drawing to assure proper operation and lack of tampering or fraud. Drawings will not be held until all pre-inspection checks are completed. No prizes will be paid until after all

post-inspection checks have been completed. (3-26-08)

f. All drawings ~~will~~ may be broadcast live on television, provided the facilities for such broadcasts are available and operational and can be done at a reasonable cost. (~~3-26-08~~)(    )

g. The Director will establish procedures governing the conduct of drawings for each type of on-line game. The procedures must include provisions for deviations that include but are not limited to: (3-26-08)

i. Malfunction of the drawing equipment before determination of the winning combination; (3-26-08)

~~ii. Video or audio malfunctions, or both, during the drawing;~~ (~~3-26-08~~)

iii. Fouled drawing; (3-26-08)

~~iv.~~ ii. Delayed drawing; and (3-26-08)

iv. Other equipment, facility or personnel difficulties. (3-26-08)

h. If a deviation occurs, the drawing will be completed under the supervision of the Lottery or its designee. ~~The drawing will be videotaped for later broadcast, if broadcast time is available.~~ The winning combination will be provided to the television network for dissemination to the public. (~~3-26-08~~)(    )

i. If, during any live-broadcast drawing for a game, a mechanical failure or operator error causes an interruption in the selection of all numbers or symbols, a “foul” will be called by the Drawing Manager or the Lottery’s designee. Any number drawn before a “foul” is called will stand and be deemed official after passing inspection and certification by the Drawing Manager or the Lottery’s designee. (3-26-08)

j. The Director must delay payment of all prizes if any evidence exists or there are grounds for suspicion that tampering or fraud has occurred. Payment will be made after an investigation is completed and the drawing approved by the Drawing Manager or the Lottery’s designee. If the drawing is not approved, it will be void and another drawing will be conducted to determine the actual winner. (3-26-08)

**08. Validation Requirements.** (3-26-08)

a. To be a valid winning on-line ticket, all of the following conditions must be met: (3-26-08)

i. All printing on the ticket must be present in its entirety, be legible, and correspond, using the computer validation file, to the combination and the date printed on the ticket. (3-26-08)

ii. The ticket must be intact. (3-26-08)

iii. The ticket must not be mutilated, altered, or tampered with in any manner. (3-26-08)

iv. The ticket cannot be counterfeit or an exact duplicate of another winning ticket. (3-26-08)

v. The ticket must have been issued by an authorized on-line retailer or dispensed by a player-activated terminal in an authorized manner. (3-26-08)

vi. The ticket must not have been stolen or cancelled. (3-26-08)

vii. The ticket must not have been previously paid. (3-26-08)

viii. The ticket must pass all other confidential security checks of the Lottery. (3-26-08)

ix. If the prize is for six hundred dollars (\$600) or more, the ticket must be signed. (3-26-08)

**b.** A ticket failing any of the validation requirements listed in Paragraph 204.08.a. of this rule is invalid and ineligible for a prize. The final decision on whether a prize is paid will be made by the Director. (3-26-08)

**c.** If there is a dispute between the Director and a claimant whether a ticket is a winning ticket, and if the Director determines that the ticket is not valid and a prize is not paid, the Director may replace the disputed ticket with a ticket of equivalent sales price for a future drawing of the same type of game. This will be the sole and exclusive remedy of the claimant. (3-26-08)

**d.** If a defective on-line ticket is purchased, the only responsibility or liability of the Lottery or of the on-line retailer is the replacement of the defective on-line ticket with another on-line ticket of equivalent value for a future drawing of the same type of game. (3-26-08)

**09. Retailer Duties.** Retailers with an on-line terminal (OLT) must perform the following duties: (3-26-08)

**a.** Pay costs associated with providing a telephone line or internet or similar connection that must be located ~~within approximately five (5) feet of the terminal;~~ as specified by the Lottery. Payment of the telephone line or internet or similar connection is nonrefundable after installation, except if the Lottery denies, through no fault of retailer, the installation of the on-line terminal. ~~(3-26-08)~~(\_\_\_\_)

**b.** Pay the Lottery for the local monthly telephone or internet or similar charges per OLT as specified by the Lottery. The Lottery will pay for the mileage charges (if any) between the retailer's location and the Lottery's central site. (3-26-08)

**c.** Hold funds generated from the sale of on-line tickets in trust for the Lottery. At a time specified by the Lottery, the retailer must pay these funds to the Lottery plus the monthly communications charge specified above in Paragraph 204.09.b. of this rule, less: (3-26-08)

i. Prizes paid; (3-26-08)

ii. Any credit; and (3-26-08)

iii. The retailer discount. (3-26-08)

**d.** Locate the OLT within the retailer's premises at a point-of-sale location approved by the Lottery. The retailer is prohibited from moving an OLT unless the retailer follows the procedures established by the Director, including reimbursing the State Lottery for any telephone or internet or similar charges associated with the change of OLT location if the retailer requested the change. (3-26-08)

**e.** Provide dedicated AC power to within approximately five (5) feet of the terminal. Dedicated AC power means that there is no other equipment on the line that is to be used for the on-line terminal. The retailer is responsible for all costs associated with providing dedicated AC power. The Lottery will provide a schematic of outlet requirements to the retailer's electrical contractor. (3-26-08)

**f.** Sell all Lottery games, including but not limited to instant game tickets offered by the Lottery. The retailer agrees to continue the sale of instant tickets from all cash registers or other points of purchase. (3-26-08)

**g.** Conduct the sale of on-line tickets during all hours and days that the retailer's business is open and the on-line system is functioning. The retailer must post the hours that redemption of winning tickets may take place if these hours are different from the retailer's normal business hours. The retailer must monitor ticket supply levels and give timely notice when any item is in short supply. (3-26-08)

**h.** Post winning numbers prominently where tickets are sold as soon as possible following the drawing. (3-26-08)

**i.** Provide secure storage for OLT supplies and a secure area for the OLT. (3-26-08)

**j.** Exercise due diligence in the operation of the OLT and immediately notify the Lottery and the central computer facility of any telephone line, internet, radio, or OLT malfunction, such as the issuance of invalid on-line Lottery ticket, inability to sell or redeem an on-line ticket, and non-issuance of an on-line ticket. The retailer is prohibited from performing mechanical or electrical maintenance on the OLT. (3-26-08)

**k.** Replace ribbons and on-line or instant ticket stock and clear paper jams as required for the OLT per the instructions provided by the Lottery. (3-26-08)

**l.** Pay, without reimbursement, all electricity charges in connection with the operation of OLT. (3-26-08)

**10. Payment of Prizes by On-Line Retailers.** (3-26-08)

**a.** An on-line retailer must pay to the ticket bearer on-line games prizes of less than six hundred dollars (\$600) for any validated claims presented to that on-line retailer. These prizes must be paid during all normal business hours of the on-line retailer, unless redemption hours differ from normal business hours that have been posted pursuant to Paragraph 204.09.g. of this rule, provided, that the on-line system is operational and claims can be validated. (3-26-08)

**b.** An on-line retailer may pay prizes in cash or by business check, certified check, money order, or any combination thereof. An on-line retailer that pays a prize with a check that is dishonored may be subject to suspension or termination of its contract. (3-26-08)

~~**11. Retailer Compensation.** The compensation paid to on-line Lottery retailers is as follows: (3-26-08)~~

~~**a.** A discount of five percent (5%) will be applied to on-line tickets sold from a clerk-activated terminal (CAT); (3-26-08)~~

~~**b.** A discount of five percent (5%) will be applied to on-line tickets sold from a player-activated terminal (PAT); (3-26-08)~~

~~**c.** The Director may pay Lottery game retailers an additional one percent (1%) incentive bonus based on attainment of sales volume or other objectives specified by the Director for each Lottery game. (3-26-08)~~

**121. Retailer Settlement.** (3-26-08)

**a.** The Director may require on-line retailers to establish an account for deposit of monies derived from on-line games with a financial institution that has the capability of electronic funds transfer (EFT). (3-26-08)

**b.** The amount deposited must be sufficient to cover monies due the Lottery. The Lottery will withdraw by EFT the amount due the Lottery on the day specified by the Director. If the day specified for withdrawal falls on a state holiday, withdrawal may be delayed until the next business day. (3-26-08)

**132. Prize Rights Unassignable.** No right of any person to a prize drawn shall be assignable, except that payment of any prize drawn may be paid to the estate of a deceased prize winner, and that any person may be paid the prize to which the winner is entitled pursuant to an appropriate judicial order. The Director will be discharged of all liability upon payment of a prize pursuant to this rule. (3-26-08)

**143. Payment of Prizes to Persons Under Eighteen Years of Age.** If a person entitled to a prize for a winning ticket is under the age of eighteen (18) years, the Director may direct payment of the prize to an adult member of the minor's family or to the minor's guardian by a check or draft payable to the adult member of the minor's family or to the minor's guardian. The adult member of the minor's family or the minor's guardian will have the same duties and powers as a person designated as a custodian in accordance with Idaho Law. For purposes of this Subsection the terms "adult member of a minor's family" and "guardian of a minor" have the same meaning as in the Idaho Gifts to Minors Law. The Director will be discharged of all liability upon payment of a prize to a minor

pursuant to this rule. (3-26-08)

**154. Prizes Payable After Death or Disability of Owner.** (3-26-08)

**a.** All prizes, and portions of prizes, that remain unpaid at the time of the prize winner's death will be payable to the personal representative of the prize winner's estate once satisfactory evidence of the personal representative's appointment has been provided, and the Director is satisfied that payment to the personal representative is lawful and proper. The Director may rely on a certified copy of a court order appointing of a personal representative (or similar person responsible for the prize winner's estate, whether denominated an administrator, executor, executrix, or other representative of the prize winner's estate) or may petition the court to determine the proper payee. Payment to the personal representative of the estate of the deceased owner of any prize winnings will absolve the Director and the Lottery's employees of any further liability for payment of prize winnings. (3-26-08)

**b.** The Lottery may petition any court of competent jurisdiction for a determination of the rightful payee of any prize winnings that are or may be due to a person under a disability including, but not limited to, minority, mental deficiency, physical or mental incapacity. (3-26-08)

**165. Discharge of State Lottery Upon Payment.** The state of Idaho, its agents, officers, employees and representatives, the Lottery, its Director, agents, officers, employees and representatives shall be discharged of all liability upon payment of a prize or any one (1) installment thereof to the holder of any winning Lottery ticket or in accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning Lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of prizes will be final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. If a question arises concerning the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy. (3-26-08)

**176. Disclosure.** The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional or publicity campaign. The address used will not contain the winner's street or house number without the winner's consent. The Lottery may condition payment of the prize upon agreement to these terms and conditions. (3-26-08)

**205. BREAKOPEN INSTANT TICKET GAMES (RULE 205).**

The Commission hereby authorizes the Director to select and operate breakopen instant ticket games that meet the criteria set forth in these rules. (3-26-08)

**01. Definitions.** As used in Section 205 of these rules, these terms have the following definitions: (3-26-08)

**a.** "Authorized Dispensing Device" means any machine, or mechanism designed for use of vending or dispensing of breakopen instant tickets. These devices may include mechanical, electrical, electro-mechanical or other devices approved by the Director of the Lottery pursuant to Section 100 of these rules. (3-26-08)

**b.** "Box" means a group of breakopen instant tickets with the same unique serial number. (3-26-08)

**c.** "Breakopen Instant Ticket" means a single folded or banded ticket or a card, the face of which is initially covered or otherwise hidden from view to conceal numbers or symbols, or both, a few of which numbers or symbols have been designated in advance and at random as prize winners when, for the opportunity to obtain each such folded or banded ticket or card, view the numbers or symbols thereon and possibly obtain a prize, a person pays an established price to a breakopen instant ticket retailer. (3-26-08)

**d.** "Breakopen Instant Ticket Game" means a group of breakopen instant ticket boxes with the same

thematic design and prize structure. (3-26-08)

**e.** “Breakopen Instant Ticket Retailer” means any person who has been approved, certified and contracted with by the Lottery to sell breakopen instant tickets. (3-26-08)

**f.** “Breakopen Instant Ticket Vendor” means any person who produces and provides breakopen instant tickets to the Lottery. (3-26-08)

**g.** “Distributor” means any person who purchases or otherwise obtains authorized dispensing devices for use in breakopen instant ticket games from any person and sells or otherwise furnishes such device to another person for the resale of or the display or operation of that device. (3-26-08)

**i.** As used in these rules, the term “distributor” includes a person who services and repairs authorized dispensing devices, so long as the person performing such servicing or repairs is approved by the distributor or distributor’s representative, and makes no addition to, or modification or alteration of, the authorized device. (3-26-08)

**ii.** A manufacturer who sells or otherwise furnishes authorized dispensing devices not manufactured by him to any other person for resale or for display or operation of that authorized device is also a “distributor.” (3-26-08)

**h.** “Distributor’s Representative” means any individual who represents a distributor in any of the distributor’s activities in connection with the sale or furnishing of authorized dispensing device for use in breakopen instant ticket activities. (3-26-08)

**i.** “Flare” means a vendor-provided informational sign that, at a minimum, displays the prize structure, the serial number of the sleeve in play, the odds of winning a prize, and the price of the ticket. (3-26-08)

**j.** “Manufacturer” means any person who assembles from raw materials or subparts a completed authorized dispensing device or pieces of the authorized device for use in breakopen instant ticket activities and who sells or otherwise furnishes the same to any distributor or retail outlet. (3-26-08)

**k.** “Manufacturer’s representative” means any person who represents a manufacturer in any one of the manufacturer’s activities in connection with the sale or furnishing of authorized dispensing device for use in breakopen instant ticket activities. (3-26-08)

**l.** “Sleeve” is a portion of a box; and is the smallest unit offered. (3-26-08)

**02. Breakopen Instant Ticket Special Inspection.** The Director or authorized representative shall have the authority to select any breakopen instant ticket sleeve and examine the quality and integrity of the breakopen instant ticket sleeve in any manner, including pulling all chances remaining thereon: Provided, that if the sleeve so inspected is thereby altered by such inspection in any manner and no defect, alteration, deceptive condition, or other violation is discovered, then the owner shall be reimbursed by the Lottery at the owner’s cost for the sleeve or portion thereof, and the sleeve shall become the property of the Lottery. Provided further, that for each sleeve inspected which is found to be defective in any area related to a vendor’s quality control deficiency, a fee may be assessed by the Director against the vendor of the breakopen instant ticket. (3-26-08)

**03. Breakopen Instant Ticket Operation.** (3-26-08)

**a.** No person under the age of eighteen (18) years is allowed to play or sell any breakopen instant tickets. It is the responsibility of the retailer to determine that no unauthorized person is allowed to play or sell breakopen instant tickets. (3-26-08)

**b.** No retailer is permitted to display or operate any breakopen instant ticket that has in any manner been marked, defaced, tampered with or otherwise placed in a condition, or operated in a manner, that may deceive the public or that affects the chances of winning or losing upon the taking of any chance thereon. (3-26-08)

**c.** All records, reports, receipts and any unsold tickets relating to a breakopen instant ticket sleeve must be retained on the retailer's premises at least ninety (90) days after the sleeve is removed from play and must be made available on demand to representatives of the Idaho Lottery. (3-26-08)

**04. Breakopen Instant Ticket Price per Play to Be Posted.** No breakopen instant ticket sleeve may be placed for public play unless the cost to the player for each ticket is clearly posted on the flare. The price per ticket will be determined by the Director. (3-26-08)

**05. Claiming of Prizes.** Prizes must be redeemed on the same day as purchased at the location where the winning ticket was purchased, and prizes will be awarded in cash or by check. (3-26-08)

**06. Limitation on Breakopen Instant Ticket Dispensing.** No ticket once placed in an authorized dispensing device out for public play may be removed from the authorized device until the sleeve is permanently removed from public play, except only: (3-26-08)

**a.** Those tickets actually played by consumers; (3-26-08)

**b.** Those tickets removed by representatives of the Lottery inspecting the device or sleeve; and (3-26-08)

**c.** Those tickets temporarily removed during necessary repair or maintenance of the device. Excepting only tickets removed under Paragraphs 205.06.b. and 205.06.c. of this rule, once a ticket has been removed from public play it cannot again be put out for public play. (3-26-08)

**07. All Devices Must Comply with Requirements.** No retailer may display or put out for play, and no distributor or manufacturer or their representatives may sell or otherwise furnish any device for the dispensing of breakopen instant tickets, unless the device is approved for use by the Director, thereby making it an authorized device. (3-26-08)

**a.** No person may sell or transfer to another person in this state or for use within this state, nor shall place out for public play, any device for the dispensing of breakopen instant tickets that is not constructed to allow a consumer to clearly see each ticket within the device before playing the device. (3-26-08)

**b.** No person may put out for public play any device for the dispensing of breakopen instant tickets that is not constructed to provide for at least one (1) sleeve in play in the device. (3-26-08)

**c.** No person may put out for public play any device for the dispensing of breakopen instant tickets that is designed, used, or constructed, in a manner that detracts from the breakopen instant tickets or that is deceptive in any way, as determined by the Director. (3-26-08)

**08. Breakopen Instant Ticket Series Assembly and Packaging.** Vendors of breakopen instant ticket games must manufacture, assemble and package each game sleeve in a manner that none of the winning tickets, nor the location or approximate location of any of the winning tickets, can be determined in advance of opening the tickets. All breakopen instant ticket games must be approved and will be distributed and sold exclusively by the Lottery. The Lottery may adopt quality control standards for the manufacture of breakopen instant ticket games. (3-26-08)

**09. Standards for Flares.** The flare advertising prizes available from the operation of any sleeve of breakopen instant tickets must: (3-26-08)

**a.** Be placed near or upon the upper face, or on the top, of any authorized device used to dispense breakopen instant tickets in a manner clearly visible to the public; and (3-26-08)

**b.** Clearly set out each of the prizes available and the combination of numbers or symbols which win prizes. Each flare describing the prizes and winning number or symbols for a sleeve of breakopen instant tickets in play must clearly set out the sleeve number assigned to that sleeve by the vendor. The sleeve number will be placed upon the flare by the vendor. The total number of tickets originally in the sleeve will be placed upon the flare by the

vendor. (3-26-08)

**10. Prize Structure.** The Director will establish a prize structure detailing the estimated number of prizes that are expected to be awarded in each sleeve and a close approximation of the odds of winning such prizes. (3-26-08)

**11. Retailers Eligible to Sell Breakopen Tickets.** Any person interested in obtaining a contract for a certificate to sell Lottery tickets must file an application on forms provided by the Director. The forms shall include, but are not limited to, requiring an applicant's personal, financial, and criminal history, and an authorization to investigate the applicant's criminal and credit history. (3-26-08)

**12. Retailer Application and Fee.** All applications to sell breakopen instant tickets must be accompanied by a nonrefundable fee of twenty-five dollars (\$25). If a certificate is awarded to sell only breakopen instant tickets, no additional certificate fee must be paid. (3-26-08)

**13. Certificate Modification.** (3-26-08)

**a.** Certified instant ticket retailers may apply for a certificate modification to allow for the sale of breakopen instant tickets. A current instant ticket retailer will be required to complete an additional application or application supplements. If a current instant ticket retailer requests that the existing certificate be modified to allow for the sale of breakopen instant tickets, no additional application fee will be charged upon approval. (3-26-08)

**b.** Certified breakopen instant ticket retailers may apply for a certificate modification to allow for the sale of instant tickets. A current breakopen instant ticket retailer will be required to complete an additional application or application supplements. If a current breakopen instant ticket retailer requests that the existing certificate be modified to allow for the sale of instant tickets, an additional certificate fee of one hundred dollars (\$100) will be charged upon approval. (3-26-08)

~~**14. Retailer Compensation.** (3-26-08)~~

~~**a.** The compensation paid to Lottery retailers will be five percent (5%) of the retail price of the breakopen instant tickets. (3-26-08)~~

~~**b.** The Director may pay Lottery game retailers an additional one percent (1%) incentive bonus based on attainment of sales volume or other objectives specified by the Director for each Lottery game. (3-26-08)~~